

# Status of the Territorial Just Transition Plans in central and eastern Europe

## December 2021 update - Annex: Slovakia

### Introduction

Bankwatch published its fifth briefing on the Territorial Just Transition Plans (TJTPs)<sup>1</sup> in December 2021. At the time, the available data was not sufficient to present a detailed overview of the current state of play of the just transition processes in Slovakia and Bulgaria. Bankwatch therefore decided to publish sections on these countries as annexes to the main briefing at a later date. This document serves as the first of these two annexes and will provide the same information about Slovakia as the main briefing provided about other countries.

For general conclusions and recommendations applicable to all seven countries followed by Bankwatch, please refer to the main briefing.

### Current state of play of the just transition plans

Slovakia is currently in the process of drafting one TJTP covering three regions: Upper Nitra, Banskobystrický Kraj and Košický Kraj. The most recent draft TJTP was sent for review to the regional working groups on 17 December 2021. In total, 219 comments were submitted by all working group representatives. The extent to which the comments have been incorporated is currently unknown. The Slovak Ministry of Investments, Regional Development and Informatisation is awaiting comments from the European Commission, and an updated draft TJTP is expected to be shared with the working groups when these comments have been received and assessed by the ministry.

For more information

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<sup>1</sup> CEE Bankwatch Network, [Status of the Territorial Just Transition Plans in central and eastern Europe](#), CEE Bankwatch Network, 14 December 2021.

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## Partnership

The Ministry of Investments, Regional Development and Informatisation is charged with drafting the TJTP in Slovakia with technical assistance from the consulting firm PricewaterhouseCoopers.

Four working groups have been created to assist the work: one for each of the three transition regions in Slovakia and one for the national level. The national working group has members from eight different ministries, and is led by the Ministry of Investments, Regional Development and Informatisation. The working groups have held meetings approximately once a month. The ministry, together with the consulting company, has gathered information via interviews with stakeholders and working group members. Trilateral meetings between stakeholders, ministry officials and the consultancy firm have enabled a deep dialogue, resulting in better input than in many other countries. The ministry has also taken proactive steps to involve local stakeholders and has prepared explanatory documentation to promote the meaningful participation of stakeholders who have limited experience.

## Compatibility with the staff working document

A European Commission staff working document on the TJTPs<sup>2</sup> was published on 23 September 2021. The purpose of the document is to provide clarifications to the Commission staff assessing draft TJTPs. As such, the document provides useful explanations and outlines key criteria required for approval of the plans.

The staff working document specifies a number of requirements for the plans, set out primarily in the Just Transition Fund regulation (2021/1056).<sup>3</sup> A selection of the most important of these requirements is listed in the table below, along with an assessment of the degree to which Slovakia’s TJTP align with them.

	<b>Question</b>	<b>Answer</b>
1.	Does the TJTP detail the transition process that will be implemented in the territory in order to achieve a climate-neutral economy?	No
2.	Does the Plan contain a description and detailed plan of the transition process at the national level, including a timeline for key transition steps towards the 2030 climate and energy targets?	No
3.	Does the Plan demonstrate clear evidence of a transition process and its impact at the level of the affected territory by 2030 or before?	Partial

<sup>2</sup> European Commission, [Commission staff working document on the territorial just transition plans](#), European Commission, accessed 23 September 2021.

<sup>3</sup> European Commission, [Proposal for a regulation of the European Parliament and of the Council establishing the Just Transition Fund](#), COM/2020/22 final, EUR-Lex, 14 January 2020.

4.	Does the Plan extend the geographical scope to territories where there is no clear transition process with an associated negative socio-economic impact by 2030 or before?	No
5.	Does the Plan cover coherent geographical areas and to the extent possible reflect functional territorial economic areas, which correspond to the communities, labour markets and economic activities affected by the installations and related firms involved in fossil fuel activities or greenhouse-gas-intensive industrial processes?	Yes
6.	Does the Plan contain any uncertainty about the implementation of a transition process due to the continuation or opening of fossil fuel activities?	Partial
7.	Does the Plan enable regions and people to address the social, employment, economic and environmental impacts of the transition?	Yes
8.	Does the Plan provide a plan for economic diversification?	Yes
9.	Does the Plan outline plans for other projects that are eligible for support under the JTF?	Yes
10.	Does the Plan include any investments in projects that are excluded from the JT mechanism?	Partial
11.	Does the Plan include a strategy for dealing with gender-related issues?	No

The Slovak TJTP is on the right track and is already relatively well developed. The plan aligns well with the JTF regulation on geographic matters, and covers coherent geographic areas corresponding to the communities, labour markets and economic activities in the regions. The Plan also centers its focus on economic sectors that are eligible and designated as priorities in the JTF regulation. The main focus of the plan is to develop new economic sectors through providing support to small and medium-sized enterprises and start-ups. There are also numerous proposals for other eligible investments into research and innovation, renewable energy, circular economy and social infrastructure. As a whole, the plan appears well suited for addressing the social, employment, economic and environmental impacts of the transitions in Slovakia.

Some concerns nonetheless remain. The European Commission’s staff working document clarifies that TJTPs must outline two factors at the territorial level:

- (1) Clear evidence of a transition process with an associated local socio-economic impact before 2030.
- (2) A detailed overview of the measures that will be or are already being put in place locally to reach a climate neutral economy.

The Slovak TJTP is currently lacking in both these aspects. Specifically, evidence of an ongoing transition process and a credible path towards 2030 and 2050 targets is missing. Primarily because the plan focuses exclusively on large enterprises operating under the EU Emissions Trading System (EU-ETS). It should be noted that the weaknesses in the TJTP can be ascribed to a lack of stable professional capacities for planning and coordinating the path to carbon-neutral regions.

At the national level, the Commission’s staff working document clarifies that the TJTPs must provide:

- (1) Descriptions of the planned transition process at the national level, complete with timelines of key steps envisaged for reaching the 2030 EU climate targets which are in line with National Energy and Climate Plans.
- (2) A detailed national plan for the transition process toward a climate neutral economy.

The current draft TJTP largely fail to provide either. The TJTP does not outline any description of transition processes at the national level nor any associated timelines. Rather, the topic is reduced to stating that the measures that are outlined are consistent with the Slovak National Energy and Climate Plan. The TJTP also does not provide any detailed plan for the transition process toward a climate neutral economy.

Furthermore, the Slovak TJTP contains some uncertainty regarding fossil fuel activities. The TJTP references gas projects as part of the solution and also makes references to hydrogen projects without specifying whether the hydrogen will be produced from renewable or fossil energy sources. This is not consistent with the requirements set out in the Just Transition Fund regulation and must be corrected. It should also be noted that the Slovak TJTP does not make any references to gender equality or female participation in the work force.

In sum, the Slovak TJTP is progressing quite well. Moving forward, it must be amended to provide more detail on the transition processes that are already ongoing at the local and national level and the steps that will be taken in the future to reach a climate neutral economy. Furthermore, the plan should provide more clarity on the future role of fossil fuels, to ensure that projects which are ineligible for support under the Just Transition Fund are not included.

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